

***Statement of Matthew M. Polka, President and CEO  
American Cable Association***

***Before the House Rural Caucus  
USF Reform***

***Wednesday, February 15, 2006***

Thank you, Mr. Chairman and members and staff of the Rural Caucus. My name is Matt Polka, and I am the President and CEO of the American Cable Association.

ACA represents 1,100 smaller and medium-sized cable companies providing advanced video, high-speed Internet access and telephone service in predominantly rural areas and smaller markets in every state.

Our members know rural areas and smaller markets because we live and work in the same places with the customers we serve.

I appreciate the opportunity to speak to you today about the Universal Service Fund. This is an important dialogue to help Congress best determine ways to extend advanced voice services to people in unserved rural areas and smaller markets.

The Universal Service Fund and telecommunications issues are new areas for ACA and its members. On most days, we are working in Washington to ensure our members have more programming choices to offer their customers on fair and reasonable terms and to ensure that rural areas and smaller markets have the best in advanced voice, video and data services.

I would welcome any opportunity outside of this forum to speak with you about these programming matters that have a direct bearing on our members' ability to offer advanced services to our rural customers.

But with increasing convergence of technology and services, it is time for Congress and industry to best determine the path of telecommunications legislation and regulation in the 21<sup>st</sup> century. Congress' overarching public policy goal should continue to be that all consumers in unserved areas today have access to broadband services as soon as possible.

This means in our view that previous regulation of telephone, cable, satellite, wireless and other businesses – the regulatory “silos” – must give way to more comprehensive policy that covers the services provided to the consumer, not the industries providing it.

ACA's members welcome this opportunity to work with you on these issues, because we share your desire and dedication to provide more advanced broadband voice, video and data services to rural and smaller market customers on a daily basis.

With that in mind, ACA and its members believe in several core principles when it comes to the Universal Service Fund and broadband deployment:

**First, the primary purpose of USF reform should be to ensure that the program is viable and will continue and that voice services continue to be maintained in high-cost rural markets.**

**Second, USF should not publicly subsidize overbuilders and put at risk those providers – like ACA members – that have already heeded the call to provide broadband where it did not exist.**

New USF policy ought not to favor one type of provider over another or provide funds where broadband voice and communications service already exists.

Today, broadband services are already provided by incumbent and competitive phone companies, both large and small, cooperatives, smaller cable operators, multiple system cable operators, wireless providers, satellite companies, and others.

The new USF should not harm these existing providers who through their effort and financial commitment have found ways to provide broadband voice services today without the assistance of public support.

**Finally, to ensure Congress meets its goal to provide voice services to all unserved customers, USF resources should be available to all providers. It is fair and equitable to allow contributors capable of providing essential voice services to apply for such funds.**

There are other questions about the USF to be sure, and ACA and its members look forward to this positive dialogue.

However, ACA believes these three basic principles will help to guide USF into the 21<sup>st</sup> century and ensure every person has access to universal voice services in a fair and balanced way. I thank you for this opportunity to participate in this important briefing.